

SUMMARY ANALYSIS OF AMENDED BILL

Author: Oropeza Analyst: Nicole Kwon Bill Number: SB 918
 Related Bills: See Prior Analysis Telephone: 845-7800 Amended Date: May 2, 2007
 Attorney: Daniel Biedler Sponsor: _____

SUBJECT: Qualified Tuition Program Deposits

- ☒ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended March 29, 2007.
- ☐ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- ☐ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- ☐ FURTHER AMENDMENTS NECESSARY.
- ☐ DEPARTMENT POSITION CHANGED TO _____.
- ☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED March 29, 2007, STILL APPLIES.
- ☐ OTHER – See comments below.

SUMMARY

This bill would allow taxpayers to direct any amount in excess of their tax liability to a Qualified Tuition Program (QTP) account.

SUMMARY OF AMENDMENTS

The May 2, 2007, amendments added provisions to allow the department, in a situation where the amount in excess of tax liability is less than the amount designated, to allocate the amount in excess of tax liability between a QTP and any of the other 14 voluntary contribution funds listed on the state personal tax return that are designated on a pro rata basis. With this amendment, the Implementation Considerations identified on the department's prior analysis are resolved. The revenue estimate from the department's prior analysis is included below for convenience. The remainder of the department's analysis of the bill as amended March 29, 2007, still applies.

POSITION

Pending.

Board Position:

_____ S _____ NA _____ NP
 _____ SA _____ O _____ NAR
 _____ N _____ OUA ☒ PENDING

Legislative Director

Date

Brian Putler

5/31/07

ECONOMIC IMPACT

Revenue Estimate

Revenue Analysis for SB 918 – as Amended 03/29/07 Enactment Assumed after June 30, 2007 Effective and Operative January 1, 2008			
Fiscal Year	2007-08	2008-09	2009-10
Revenue Gain/Loss	+/- \$250,000	+/- \$250,000	+/- \$250,000

This analysis does not consider any possible changes in employment, personal income, or gross state product that could result from this bill.

Revenue Discussion

This bill would result in negligible gains or losses of less than \$250,000 in any given year. Providing an additional mechanism to induce deposits would not necessarily increase total deposits to QTP accounts. Individuals who are going to contribute to an account are likely to contribute without a tax refund mechanism.

Contributions to QTP accounts do not directly cause a revenue effect. It is the eventual tax-free distribution of deferred investment returns for qualified education expenses that impact revenue. Because it is unlikely that a distribution from a QTP would occur in the same year a contribution occurred, any incremental revenue effects of tax-free distributions would be in future years.

LEGISLATIVE STAFF CONTACT

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